

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF KENTUCKY) CASE NO. 2010-00492
UTILITIES COMPANY FROM NOVEMBER 1,)
2008 THROUGH OCTOBER 31, 2010)

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 26, 2011, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Kentucky Utilities Company ("KU") for the period from November 1, 2008 through October 31, 2010, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor. In establishing this review, the Commission ordered KU to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. KU submitted this information on February 14, 2011, filed certain updated information on March 2, 2011, and filed responses to a second data request on March 7, 2011.

On March 18, 2011, KU filed a petition to deviate from the requirement that notice of the public hearing be published one time not less than seven days nor more than 21 days before the hearing pursuant to 807 KAR 5:011, Section 8(5). KU stated that notice was timely published in 90 newspapers in its service territory and the five newspapers that failed to publish timely did publish not less than five days before the hearing. KU requested that the Commission grant a deviation from its notice of public hearing

regulation, pursuant to 807 KAR 5:011, Section 14, by deeming KU's publication substantial compliance with the publication requirements.

A public hearing was held on March 22, 2011. On March 31, 2011, KU filed a post-hearing data response to a question asked at the hearing. KU filed responses to a third data request on April 21, 2011. There are no intervenors in this proceeding.

KU proposed that the month of April 2010 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. It further proposed that its base fuel cost be changed to 26.68 mills per kWh, the fuel cost for the proposed base period. KU's current base fuel cost is 27.54 mills per kWh.

In establishing the appropriate level of base fuel cost to be included in KU's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being experienced by KU. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of April 2010 is a reasonably representative generation month of KU. The analysis of KU's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year review period ranged from a low of 24.97 mills per kWh in May 2009¹ to a high of 32.80 mills per kWh in June 2010², with an average cost for the period of 27.40 mills per kWh. Based upon this review, the Commission finds that KU has complied with 807 KAR 5:056 and that the proposed base period fuel cost of 26.68 mills per kWh should be approved.

¹ As revised in the September 27, 2010 filing.

² As revised in the April 19, 2011 filing.

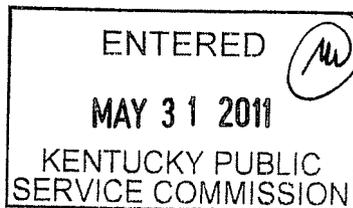
The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. For the period under review, KU has complied with the provisions of 807 KAR 5:056.
2. The test month of April 2010 should be used as KU's base period for this review.
3. KU's proposed base period fuel cost of 26.68 mills per kWh should be approved.
4. The establishment of a base fuel cost of 26.68 mills per kWh requires a transfer (roll-in) of a negative 0.86 mills per kWh of fuel costs to KU's current base rates that were being credited to customers through its FAC.
5. The rates in the Appendix to this Order are designed to reflect the transfer (roll-in) of a negative 0.86 mills per kWh to base rates, which is the differential between the old base fuel cost of 27.54 mills and the new base fuel cost of 26.68 mills per kWh.
6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved to be effective with KU's first billing cycle for July 2011.
7. Beginning with the expense month for July 2011, KU should use an FAC rate based on a base fuel cost of 26.68 mills per kWh.
8. KU's notice of the public hearing was published timely in 90 newspapers in its service territory, but was untimely published in five instances where the publication occurred less than seven, but not less than five, days before the hearing. KU has shown good cause to deviate from the publication rule and its petition should be granted.

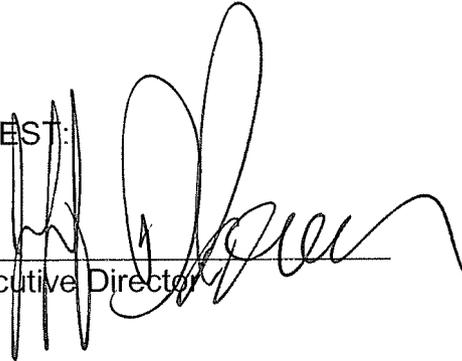
IT IS THEREFORE ORDERED that:

1. The charges and credits applied by KU through the FAC for the period from November 1, 2008 through October 31, 2010 are approved.
2. KU's proposed base fuel cost of 26.68 mills per kWh is approved.
3. KU shall transfer (roll-in) a negative 0.86 mills per kWh of fuel costs to its current base rates that were being credited to customers through its FAC.
4. The rates in the Appendix to this Order are approved to be effective with KU's first billing cycle for July 2011.
5. Beginning with the expense month for July 2011, KU shall use an FAC rate based on a base fuel cost of 26.68 mills per kWh.
6. KU's petition to deviate from the publication requirements of 807 KAR 5:011, Section 8(5) is granted.
7. Within 20 days of the date of this Order, KU shall file with the Commission its revised tariff sheets setting out the rates approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00492 DATED **MAY 31 2011**

The following rates and charges are prescribed for the customers in the area served by Kentucky Utilities Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE RS
RESIDENTIAL SERVICE

Energy Charge per kWh \$.06719

SCHEDULE GS
GENERAL SERVICE

Energy Charge per kWh \$.07710

SCHEDULE AES
ALL ELECTRIC SCHOOL

Energy Charge per kWh \$.06620

SCHEDULE PS
POWER SERVICE

Energy Charge per kWh:
Secondary \$.03300
Primary \$.03300

SCHEDULE TODS
TIME-OF-DAY SECONDARY SERVICE

Energy Charge per kWh \$.03490

SCHEDULE TODP
TIME-OF-DAY PRIMARY SERVICE

Energy Charge per kWh \$.03522

SCHEDULE RTS
RETAIL TRANSMISSION SERVICE

Energy Charge per kWh \$.03414

SCHEDULE FLS
FLUCTUATING LOAD SERVICE

Energy Charge per kWh:
Primary \$.03419
Transmission \$.02947

SCHEDULE VFD
VOLUNTEER FIRE DEPARTMENT

Energy Charge per kWh \$.06719

SCHEDULE LE
LIGHTING ENERGY SERVICE

Energy Charge per kWh \$.05379

SCHEDULE TE
TRAFFIC ENERGY SERVICE

Energy Charge per kWh \$.06914

SCHEDULE LEV
LOW EMISSION VEHICLE SERVICE

Energy Charge per kWh:
Off Peak \$.04636
Intermediate \$.06737
Peak \$.13047

SCHEDULE ST. LT.
STREET LIGHTING SERVICE

Rate per Light per Month: (Lumens Approximate)

Standard/Ornamental Service:

	<u>Standard</u>	<u>Ornamental</u>
<u>Incandescent System:</u>		
1,000 Lumens	\$ 3.01	\$ 3.66
2,500 Lumens	\$ 3.99	\$ 4.78
4,000 Lumens	\$ 6.06	\$ 6.98
6,000 Lumens	\$ 7.93	\$ 8.95
 <u>Mercury Vapor:</u>		
7,000 Lumens	\$ 8.49	\$ 10.71
10,000 Lumens	\$ 10.01	\$ 11.98
20,000 Lumens	\$ 12.22	\$ 13.79
 <u>High Pressure Sodium:</u>		
4,000 Lumens	\$ 6.65	\$ 9.48
5,800 Lumens	\$ 7.52	\$ 10.35
9,500 Lumens	\$ 8.12	\$ 11.16
22,000 Lumens	\$ 12.51	\$ 15.55
50,000 Lumens	\$ 20.36	\$ 21.92
 <u>Decorative Underground Service:</u>		
Acorn with Decorative Pole:		
4,000 Lumens		\$ 12.49
5,800 Lumens		\$ 13.48
9,500 Lumens		\$ 14.10
 Acorn with Historic Pole:		
4,000 Lumens		\$ 18.88
5,800 Lumens		\$ 19.76
9,500 Lumens		\$ 20.49
 Colonial:		
4,000 Lumens		\$ 8.65
5,800 Lumens		\$ 9.55
9,500 Lumens		\$ 10.06
 Coach:		
5,800 Lumens		\$ 28.86
9,500 Lumens		\$ 29.36

Contemporary:		
5,800 Lumens		\$ 15.28
9,500 Lumens		\$ 17.90
22,000 Lumens		\$ 21.58
50,000 Lumens		\$ 27.54
Gran Ville:		
16,000 Lumens		\$ 49.29

SCHEDULE P.O. LT.
PRIVATE OUTDOOR LIGHTING

Rate per Light per Month: (Lumens Approximate)

Standard (Served Overhead):

 Mercury Vapor:

7,000 Lumens	\$ 9.46
20,000 Lumens	\$ 12.22

Cobra Head (Served Overhead):

 High Pressure Sodium:

22,000 Lumens	\$ 12.51
50,000 Lumens	\$ 20.36

Directional (Served Overhead):

 High Pressure Sodium:

9,500 Lumens	\$ 7.98
22,000 Lumens	\$ 11.92
50,000 Lumens	\$ 17.11

Open Bottom (Served Overhead):

 High Pressure Sodium:

5,800 Lumens	\$ 6.34
9,500 Lumens	\$ 6.87

Restricted Special Lighting (Served Overhead):

 Cobra Head - Mercury Vapor:

20,000 Lumens	\$ 7.50
---------------	---------

 Cobra Head - High Pressure Sodium:

50,000 Lumens	\$ 9.66
---------------	---------

Decorative HPS (Served Underground):

Acorn with Decorative Pole:

4,000 Lumens	\$ 12.49
5,800 Lumens	\$ 13.48
9,500 Lumens	\$ 14.10

Acorn with Historic Pole:

4,000 Lumens	\$ 18.88
5,800 Lumens	\$ 19.76
9,500 Lumens	\$ 20.49

Colonial:

4,000 Lumens	\$ 8.65
5,800 Lumens	\$ 9.55
9,500 Lumens	\$ 10.06

Coach:

5,800 Lumens	\$ 28.86
9,500 Lumens	\$ 29.36

Contemporary:

5,800 Lumens	\$ 21.43
9,500 Lumens	\$ 21.56
22,000 Lumens	\$ 27.31
50,000 Lumens	\$ 30.53

Contemporary Additional Fixture:

5,800 Lumens	\$ 13.97
9,500 Lumens	\$ 14.09
22,000 Lumens	\$ 15.84
50,000 Lumens	\$ 19.06

Gran Ville:

16,000 Lumens	\$ 49.29
---------------	----------

Metal Halide Commercial and Industrial Lighting:

Directional Fixture:

12,000 Lumens	\$ 12.34
32,000 Lumens	\$ 17.65
107,800 Lumens	\$ 36.95

Directional Fixture with Wood Pole:

12,000 Lumens	\$ 16.57
32,000 Lumens	\$ 21.88
107,800 Lumens	\$ 41.18

Directional Fixture with Metal Pole:	
12,000 Lumens	\$ 24.75
32,000 Lumens	\$ 30.06
107,800 Lumens	\$ 49.36

Contemporary Fixture:	
12,000 Lumens	\$ 13.51
32,000 Lumens	\$ 19.32
107,800 Lumens	\$ 40.17

Contemporary Fixture with Metal Pole:	
12,000 Lumens	\$ 25.92
32,000 Lumens	\$ 31.73
107,800 Lumens	\$ 52.58

SCHEDULE DSK
DARK SKY FRIENDLY

<u>Underground Service:</u>	<u>Rate per month</u>
High Pressure Sodium:	
Dark Sky Lantern:	
4,000 Lumens	\$ 21.03
9,500 Lumens	\$ 21.93

Lonnie E Bellar
VP - State Regulation
Kentucky Utilities Company
220 W. Main Street
P. O. Box 32010
Louisville, KY 40232-2010

Allyson K Sturgeon
Senior Corporate Attorney
LG&E and KU Services Company
220 West Main Street
Louisville, KENTUCKY 40202